

Message Text

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ORIGIN ARA-20

INFO OCT-01 ISO-00 DODE-00 PM-07 L-03 ACDA-19 CIAE-00

INR-10 NSAE-00 RSC-01 EB-11 COME-00 MC-02 AID-20

IGA-02 OMB-01 /097 R

DRAFTED BY ARA/LA/PLC-PM:DCNORTON:NG

APPROVED BY ARA:HWSHLAUDEMAN

ARA/BC:JEKARKASHIAN

DOD/ISA:COL RIVERS

DOD/DSAA:JBILLINGS

PM/SAS:DMCCLINTOCK

L/PM:JMICHEL

ACDA:EFINEGOLD

----- 033364

P 142254Z JUN 74

FM SECSTATE WASHDC

TO AMEMBASSY SANTIAGO PRIORITY

INFO USCINCSO

C O N F I D E N T I A L STATE 127759

E.O. 11652: GDS

TAGS: MASS, CI

SUBJECT: SALE OF A-4 AIRCRAFT TO CHILE

REF: A) SANTIAGO 3036, B) STATE 104931

1. DEPARTMENT HAS REQUESTED DOD TO PROVIDE PRICE AND AVAILABILITY DATA ON BOTH NEW AND USED A-4'S TO GOC.

2. FOR PRELIMINARY PLANNING PURPOSES, THE FOLLOWING ESTIMATED COSTS ARE BASED ON A MINIMUM ACQUISITION OF TEN NEW A-4M AIRCRAFT:

A. A-4M: UNIT COST, DOLS 2.1 MILLION; TOTAL FLYAWAY COST, DOLS 21.0 MILLION; AVAILABILITY 22 MONTHS AFTER ACCEPTANCE OF LETTER OF OFFER IF SIGNED BY SEPTEMBER 1974.

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B. IN ADDITION, THE SUPPORT PACKAGE CONSISTING OF AGE,

TECH DATA, ONE YEAR SPARE PARTS, AND ENGINES WILL COST
APPROXIMATELY DOLS 10.0 MILLION.

3. BASED ON CURRENT PRICES, THE COSTS OF PURCHASING USED
A-4 AIRCRAFT ARE ESTIMATED AS:

A. A-4B AIRCRAFT DOLS 40,000
A-4C AIRCRAFT 53,500

B. USN OVERHAUL OF 20 MM GUNS DOLS 4,600

C. ONE TIME FLIGHT PREPARATION
TO CONTRACTOR FACILITY 6,300

D. SPARE ENGINES 25,000

TOTAL DOLLARS A-4B 75,900

4. PRICE FOR REHABILITATION OF AIRCRAFT CAN RANGE BETWEEN
DOLS 200,000 TO DOLS 600,000 AND IS DEPENDENT UPON CON-
TRACTOR SELECTED, DESIRED MODIFICATIONS, AND FINAL CON-
FIGURATION. TIME REQUIRED FOR COMPLETING REHABILITATION
WORK IS ALSO DEPENDENT ON EXTENT OF MODIFICATIONS AND CAN
RANGE BETWEEN 6 TO 12 MONTHS. FOR EXAMPLE, THE ARGENTINE
AIR FORCE SELECTED A MODIFICATION PACKAGE FOR ITS A-4B'S
COSTING DOLS 200,000, WHICH TOOK 11 MONTHS TO COMPLETE.
PRICE OF SUPPORT PACKAGE INCLUDING AGE CAN RANGE BETWEEN
3 AND 4 MILLION DOLS.

5. EACH MAY PREFER TO PURCHASE USED A-4'S BECAUSE OF LOW
PRICE AND EARLY AVAILABILITY. WE ARE PREPARED TO AUTHOR-
IZE A CHILEAN PURCHASE OF THIS AIRCRAFT ON BASIS OF A
FMS CASH SALE. IF GOC PURCHASES USED A-4'S, IT WILL BE
RESPONSIBLE FOR SELECTING CONTRACTOR AND MAKING APPROPRI-
ATE ARRANGEMENTS FOR HAVING OVERHAUL WORK PERFORMED.

6. IF INTERESTED IN ACQUIRING A-4'S, THE GOC SHOULD
SUBMIT A DIPLOMATIC NOTE TO THE DEPARTMENT.

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7. FYI: THE DEPARTMENT IS NOT PREPARED TO AUTHORIZE FMS
CREDIT FOR CHILEAN PURCHASE OF NEW A-4M AIRCRAFT. THE
A-4M IS CONSIDERED TO BE A SOPHISTICATED AIRCRAFT WITHIN
THE MEANING OF SECTION 4 OF THE FOREIGN MILITARY SALES
ACT AND A PRESIDENTIAL DETERMINATION WOULD BE REQUIRED TO
PERMIT THE EXTENSION OF CREDIT FOR PURCHASE OF SUCH
AIRCRAFT. A CASH SALE OF THE NEW A-4M WOULD NOT REQUIRE
A PRESIDENTIAL DETERMINATION, ALTHOUGH HIGH-LEVEL APPROVAL
FOR SUCH A TRANSACTION WOULD BE REQUIRED.

8. THE USED A-4 WOULD BE CONSIDERED "NON-SOPHISTICATED"
FOR CHILE. BECAUSE OF THE LIMITED AVAILABILITY OF FMS
CREDIT AND CONGRESSIONAL CONCERNS WITH MILITARY SALES TO
CHILE, WE ARE NOT NOW IN A POSITION TO EXTEND CREDIT TO
CHILE FOR THE PURCHASE OR REHABILITATION OF USED A-4'S.
FROM THE U.S. POINT OF VIEW THE PREFERRED TYPE AND METHOD
OF SALE WOULD BEFOR USED A-4B'S OR C'S ON A FMS CASH
BASIS. END FYI. SISCO

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MILITARY AIRCRAFT, MILITARY PROCUREMENT, MILITARY SALES, PRICE DATA, A-4 SKYHAWK, MILITARY CREDIT
Control Number: n/a
Copy: SINGLE
Draft Date: 14 JUN 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: izenbei0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974STATE127759
Document Source: CORE
Document Unique ID: 00
Drafter: PM:DCNORTON:NG
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D740161-0559, D740156-0170
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740642/aaaabkhv.tel
Line Count: 123
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN ARA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: A) SANTIAGO 3036, B) STATE 104931
Review Action: RELEASED, APPROVED
Review Authority: izenbei0
Review Comment: n/a
Review Content Flags:
Review Date: 18 SEP 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <18 SEP 2002 by kelleyw0>; APPROVED <14 FEB 2003 by izenbei0>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: SALE OF A-4 AIRCRAFT TO CHILE
TAGS: MASS, CI, US
To: SANTIAGO
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005